

For Immediate Release:

Contact: Nathan White, (202) 225-5871 **Kucinich Subcommittee Hears Criticism of Excessive Secrecy at Department of Energy**

*Advisability of New Nuclear Loan Guarantees Questionable*

Washington D.C. (April 20, 2010) – A Department of Energy policy to keep confidential the fees for subsidies given to the nuclear industry was criticized today at a hearing of the Domestic Policy Subcommittee. The hearing examined the economic advisability of increasing the amount of federal loan guarantees for the construction of nuclear power plants and the likelihood those guarantees would lead to a taxpayer bailout of the nuclear power industry.

**“Preposterous”**

“The Department of Energy apparently intends to keep secret the credit subsidy fee charged to each guarantee recipient on the preposterous ground that companies shouldn’t be able to compare fees and complain about unequal treatment. But the industry recipients will be free to discuss this information among themselves,” said Mr. Peter Bradford, a former member of the U.S. Nuclear Regulatory Commission. “Most analysts – including the Government Accounting Office and the Congressional Budget Office - agree that the Department of Energy has a poor record in managing loan guarantees and that it is highly likely to underestimate potential losses to taxpayers,” he added.

**“Desire to hide the truth”**

“It’s quite remarkable that this administration, which had prided itself on transparency and open government, would come forward and suggest that something as important as the liability to which taxpayers are being exposed will be a trade secret... It would seem to be a desire to hide the truth which is that the taxpayer is being hosed in these transactions,” said Dr. Mark Cooper, a Senior Fellow for Economic Analysis at the Institute for Energy and Environment at Vermont Law School.

Congressman Kucinich, who chaired the hearing, added, “DOE’s policy to keep the nuclear industry subsidy secret from the taxpayers providing it is a disservice to the American people. Credit subsidy cost is a strong indicator of the exposure to taxpayers of the cost of default,” said Kucinich.

On June 30, 2008, the Department of Energy issued a solicitation for applications for \$18.5 billion in loan guarantees for nuclear plant construction. The current administration is seeking to increase that amount to \$54.5 billion. DOE announced its first “conditional” loan guarantee on February 16, 2010, an \$8.3 billion loan guarantee to the Southern Company for construction of its Vogtle reactors in Georgia.

Purportedly, these loan guarantees carry no cost to the government and do not require any appropriation. Rather, the sponsoring utility will be required to pay a “credit subsidy fee,” which is theoretically equal to the present value of the default risk. But the GAO has pointed out that “evaluating the risks of individual projects will be complicated and could result in misestimates.”

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